

Message Text

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22

ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 INR-07 NSAE-00

L-03 EB-07 TRSE-00 OMB-01 PM-04 NSC-05 SP-02 SS-15

COME-00 ABF-01 /076 W

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R 200807Z JUL 76

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 6463

INFO AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

USMISSION GENEVA

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L BUDAPEST 2425

E.O. 11652: GDS

TAGS: UNDP, EAID, HU

SUBJ: UNDP: U.S. OFFER TO PURCHASE NON-CONVERTIBLE CURRENCIES

REF: (A) GENVEA 5272, (B) STATE 169133

1. EMBASSY OFFICER MET WITH SANDOR HAJNAL OF FOREIGN MINISTRY JULY 19 TO DISCUSS U.S. PROPOSAL FOR PURCHASE OF NON-CONVERTIBLE CURRENCIES BEING HELD BY UNDP. EMBOFF EXPLAINED U.S. PROPOSAL AS OUTLINED REFTELS.

2. ACCORDING TO HAJNAL, GOH REJECTED U.S. PROPOSAL DURING 22ND GOVERNING COUNCIL MEETING. HAJNAL SAID THAT GOH BELIEVES THAT UNDP CAN MAKE FULL USE OF HUNGARIAN CURRENCY (ABOUT \$500,000) IN NON-CONVERTIBLE ACCOUNT. HAJNAL SAID THAT DISCUSSIONS WERE NOW UNDER WAY BETWEEN UNDP AND GOH OFFICIALS IN ATTEMPT TO SPEED UP DRAWDOWN OF FORINT ACCOUNT.

3. HAJNAL THEN WENT INTO GREAT DETAIL CONCERNING
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HUNGARY'S GREAT CONTRIBUTIONS TO UNDP AND SIAD THAT

ALREADY 82 PERCENT OF GOH CONTRIBUTION WAS BEING FULLY UTILIZED. AT SAME TIME HE CONFIRMED THAT GOH WOULD NOT BE UTILIZING APPROXIMATELY \$4 MILLION OF THE \$7.5 MILLION ALLOCATED TO UNDP PROJECTS IN HUNGARY FOR 1977-81.

4. COMMENT: HAJNAL WAS SOMEWHAT DEFENSIVE CONCERNING HUNGARY'S REJECTION OF U.S. PROPOSAL. HE VIGOROUSLY REJECTED SUGGESTION THAT GOH ATTEMPTING TO TIE USE OF ITS CONTRIBUTIONS TO PURCHASES OF GOODS AND SERVICES IN HUNGARY. HE ADMITTED, HOWEVER, THAT GOH PROPOSAL AMOUNTS TO SAME THING AS A CONTRIBUTION WITH STRINGS ATTACHED.
MUDD

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Message Attributes

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To: STATE
Type: TE
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